

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7784**

**BILL NUMBER:** HB 1649

**NOTE PREPARED:** Jan 15, 2007

**BILL AMENDED:**

**SUBJECT:** Proprietary Education.

**FIRST AUTHOR:** Rep. Porter

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** This bill provides that a religious institution that has a religious or theological education program is not a postsecondary proprietary educational institution. It gives the Commission on Proprietary Education power to investigate institutions that may be under the Commission's jurisdiction, and requires the Commission to disseminate information to the public concerning entities that award false academic credentials. The bill provides that granting or using a false academic credential is deception, a Class A misdemeanor.

**Effective Date:** July 1, 2007.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** *Commission on Proprietary Education:* The bill would provide that a religious institution with educational programs that have solely religious or theological objectives is not a postsecondary proprietary institution. The exclusion of these institutions would probably be a minor reduction in expenditures.

The provision that allows the Commission to investigate any entity the Board considers to be a postsecondary proprietary institution with site inspections, record examinations, and provide the information to the Attorney General for further action could increase the Commission's and Attorney General's expenditures. The increase would be dependent on the number of investigations conducted.

The funds and resources required above could be supplied through a variety of sources, including the following: (1) existing staff and resources not currently being used to capacity; (2) existing staff and resources currently being used in another program; (3) authorized, but vacant, staff positions, including those

positions that would need to be reclassified; (4) funds that, otherwise, would be reverted; or (5) new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions. As of January 8, 2007 the Commission on Proprietary Education had 2 vacant positions and the Attorney General had 32 vacant positions. The Commission on Proprietary Education reverted \$45,242 for FY 2006 and the Attorney General's office reverted \$50,711 to the state General Fund.

*Penalty Provision:* The bill makes a person at a postsecondary proprietary institution that knowingly or intentionally grants or offers to grant a false academic credential guilty of a Class A misdemeanor. If additional court cases occur and fines are collected, revenue to both the Common School Fund (from fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class A misdemeanor is \$5,000. However, any additional revenue would likely be small.

**Explanation of Local Expenditures:** *Penalty Provision:* A Class A misdemeanor is punishable by up to one year in jail.

**Explanation of Local Revenues:** *Penalty Provision:* If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from court fees. However, any change in revenue would likely be small.

**State Agencies Affected:** Attorney General; Commission on Proprietary Education.

**Local Agencies Affected:** Trial courts, local law enforcement agencies.

**Information Sources:**

**Fiscal Analyst:** Chuck Mayfield, 317-232-4825.